

CLARK COUNTY PUBLIC FACILITIES DISTRICT (PFD) PROCEEDINGS

JUNE 2, 2003

CLARK COUNTY, WASHINGTON

The Clark County Public Facilities District (PFD) convened in the Public Services Center, 1300 Franklin Street, Public Hearing Room, Vancouver, Washington.

MEMBERS PRESENT

Paul Winters, Debbie Abraham, Phil Parker, Brett Wilkerson, and Jerry Kolke

STAFF PRESENT

Kelly Sills, Hugh Spitzer, Bronson Potter, Paul Lewis, and John Payne.

CALL TO ORDER

Chair Winters called the meeting to order at 5:02 p.m.

ROLL CALL

Kelly Sills called the roll and confirmed that a quorum was present.

PUBLIC COMMENT

Mark Stearns, representing the Clark County Lodging Association, read a letter he submitted to the Board in which he outlined the Association's concerns with the Vancouver convention center/hotel project, and particularly the switch from Marriott to Hilton as the hotel operator. The letter included a list of twelve questions which Mark indicated had been forwarded to Steve Burdick with the City of Vancouver. He indicated that Steve's response to the twelve questions was brief (two lines) and did not specifically address the questions. Mark added that the Lodging Association could obtain Marriott's financial analyses of the project through a deposition process. (Phil Parker indicated that if Marriott's data is obtained by deposition then he would like the Board to receive a copy of it, too.) Mark indicated that mediation negotiations with the city were terminated unilaterally by the city and he was not aware of that termination until it had been announced to the media. Mark indicated that there will never be a level playing field between the hotels, primarily because the conference center hotel will not be required to pay property tax and leasehold tax like other hotels in Clark County, although it will pay lodging taxes. Mark also indicated that the lodging industry will not recover from the current economic recession for at least another 12 to 18 months.

APPROVAL OF MINUTES

Moved by Debbie Abraham, **seconded** by Phil Parker, and **approved** the minutes from May 5, 2003.

UPDATE ON VANCOUVER PFD AND DOWNTOWN REDEVELOPMENT AUTHORITY

Paul Lewis, City of Vancouver, provided a status briefing on the conference center and hotel project. In order to place an emphasis on separateness, a new, more distinctive entrance has been designed for the conference center. During the joint Downtown Redevelopment Authority (DRA)/City PFD meetings separateness was the number one issue discussed, and separateness is continuing as a primary emphasis for the project (within budget).

Paul indicated that naming rights are not yet part of the financing structure. Hugh Spitzer added that it wouldn't make a lot of sense for the conference center to receive the same name as the hotel.

Paul indicated that only Marriott can really explain why they walked away from the deal. He listed a number of issues that were discussed with Marriott and which were not settled during the negotiations. He also emphasized that the Marriott-Faulkner team is what broke apart, and similarly it is the Hilton-Faulkner team which is working together now. The lead negotiator for the city on the financing structure is Piper-Jaffray.

Paul indicated that the HVS study has a whole set of assumptions and he has no specific information that Marriott had objected to those assumptions. This includes the results of the follow-up study by HVS. The HVS study has been provided to Hilton for their review, Hilton has expressed an interest in entering negotiations, and document review sessions will begin this week. He will be able to provide information about the progress of those sessions during the next county PFD meeting. He also indicated that updated financing and development schedules would be provided upon conclusion of the document review sessions.

Debbie Abraham asked Paul Lewis whether Vancouver had considered building the convention center alone and not the hotel. Paul indicated that he had preliminarily run the numbers for that scenario and it was financially conceivable, but it would require a much different funding package and would require some level of public backing.

Debbie Abraham expressed her concern that public opinion about the conference center/hotel project, and consequently the City of Vancouver, will increasingly deteriorate until better/fuller answers are provided to the people about why Marriott pulled out of the deal. Paul Winters expressed his concern with the lack of communication flowing from the city to the county PFD. He specifically requested that Paul Lewis work with people internal to the city to improve that communication flow, to which Paul indicated he would make that effort.

Paul Lewis indicated that the county PFD would need to approve (1) a payment agreement and (2) an interlocal agreement with the city PFD. Hugh Spitzer indicated that drafts of those agreements had not yet been submitted and warned Paul that adequate lead time would need to be provided before the county PFD could seek approval of those documents. Paul acknowledged that need and indicated that drafts of the documents had not yet been finalized.

Paul Lewis indicated that the mediation efforts with the Clark County Lodging Association had expired. He listed some of the unresolved issues and other areas where there was agreement.

Paul Lewis indicated that he will work with David Findlay as he develops financial analyses and that he has been in touch with David since the last county PFD meeting.

Paul Lewis indicated his understanding that the conference center grand ballroom, as currently designed, will accommodate just under 1,000 dinner settings within 14,000 square feet. [As a meeting follow-up, Paul provided the following capacities: classroom = 920; theatre = 1,777; banquet = 933; reception = 1,167.] Brett Wilkerson questioned the estimate of just under 1,000 settings given his experience working with Fire Marshal requirements in Oregon (specifically, the Doubletree at Jantzen Beach), surmising that those requirements may be similar in Clark County and thus would reduce estimated seating capacities. Brett indicated that in Oregon an 18,000 square foot room was limited to 1,000 place settings. Paul further indicated that the conference center will have a 7,500 square foot junior ballroom and a total of 30,000 square feet of meeting space.

Paul Lewis indicated that he would provide (1) a list of qualifications for Hilton/Faulkner, (2) a breakdown of capacity seating [note: provided on 03JUN03], and (3) a “worst-case” timeline indicating process deadline dates in order to achieve construction on 01JAN04.

REGIONAL CENTER QUALIFICATION

Hugh Spitzer spoke to how RCW 35.57.020 defines regional centers, and that the definition includes convention, conference, and special event centers. He added that the project must cost at least \$10 million, including debt service. The proposed project in Vancouver, as Hugh understands it, is a conference center and clearly meets the RCW regional center definition so long as it meets the \$10 million threshold. Sales tax money from the county PFD may only go toward the conference center, not the hotel. To the extent facility elements such as kitchen, halls, and other elements are shared with the hotel, only the portion representative of the conference center may be allocated toward the \$10 million threshold.

Chair Winters questioned whether both the county and city PFDs share the same \$10 million threshold requirement, or whether each had a separate \$10 million threshold (thus \$20 million between the two). Hugh Spitzer responded that it is a joint \$10 million threshold for both. Hugh indicated that he would ultimately have to give a legal opinion that, (1) the conference center constitutes a regional center, and (2) it meets the \$10 million threshold.

Chair Winters questioned who determines the allocation between shared elements of the project, to which Hugh Spitzer responded that the architects/engineers will propose the allocation, and David Findlay must review that information on behalf of the county PFD. The allocation methodologies could include square feet and cost, with a leaning toward the more conservative amount. Once determining the percentage funded by the PFD, the county PFD could never exceed that percentage funding in any given debt year.

Hugh Spitzer indicated that it makes sense to ensure that the conference center is clearly and obviously distinct from the hotel. Distinctiveness may be achieved through an architecturally unique entryway, signage, or other means.

Brett Wilkerson questioned who the county PFD may turn to in order to substantiate the revenue flow, to which Hugh Spitzer responded that David Findlay is the right person to ask regarding financial questions associated with the conference center/hotel project. Hugh indicated that it is not his role to answer financial questions, but rather his role is to provide legal advice. Brett requested an updated flow-of-funds chart and Hugh indicated that Bill Doyle could update that chart.

In response to a question from the Board, Bronson Potter indicated that the Fairgrounds Master Plan had been put out for public comment, but the final version has not yet been completed. County General Services Director Doug Johnston has an intent to bring the Master Plan elements together in time for a 01JAN04 project start date.

Chair Winters expressed his concerns that the county PFD does not yet have enough information about the Vancouver conference center/hotel project. He added that the board needs more information regarding why Marriott walked out on the deal. Bronson Potter indicated that he is trying to set-up a meeting with Steve Burdick to obtain those details. Bronson added that the connectedness of a hotel and conference center has not prompted a statement of illegality from any attorney that he is aware of.

PROFESSIONAL SERVICES AGREEMENT – DAVID FINDLAY

Bronson Potter provided copies of a professional services agreement with FSC (David Findlay). Bronson indicated that he and Bill Barron will establish work parameters for FSC, and it is otherwise a standard form agreement. The professional services agreement was **moved** by Phil Parker, **seconded** by Gerry Kolke, and **approved** as presented.

GOOD OF THE ORDER

1. Upon receiving the general consensus of the Board, Chair Winters confirmed that the next meeting of the county PFD would be on 07JUL03.
2. The board requested that copies of the most recent conference center/hotel design be e-mailed to them.

ADJOURNMENT

Motion to adjourn by Gerry Kolke, **seconded** by Brett Wilkerson, and **approved**. The Board adjourned its meeting at 7:04 p.m.

The next meeting of the PFD Board will be at 5:00 p.m. on July 7, 2003.